

CITY OF ELDRIDGE, IOWA

Independent Auditor's Reports
Basic Financial Statements
Supplementary Information
Schedule of Findings

June 30, 2009

CITY OF ELDRIDGE, IOWA

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CITY OF ELDRIDGE, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marty O'Boyle	Mayor	Jan 2014
Steve Puls	Council Member	Jan 2012
Brian Wood	Council Member	Jan 2012
Bernie Peeters	Council Member	Jan 2012
Brian Dockery	Council Member	Jan 2014
Steve Mohr	Council Member	Jan 2014
Donald M. Stoltenberg	Utility Board Trustee	Feb 2011
John Powell	Utility Board Trustee	Feb 2012
Adrian Blackwell	Utility Board Trustee	Feb 2014
Michael E. Ripperger	Utility Board Trustee	Feb 2015
Kevin A. Kroeger	Utility Board Trustee	Feb 2016
John R. Dowd	City Administrator	
Matt Van Waus	Assistant City Administrator	
Denise M. Benson	City Clerk	
Thomas R. Schirman, Jr.	City Attorney	
Brian Wessel	Public Works Director	
David M. Kopatich	Police Chief	
Tyler Schmidt	Fire Chief	
Myron K. Scheibe	City Engineer	
Bob Kuehl	Building Official/Inspector	
Dan Glunz	Utility Manager	
Pat Bredow	Community Center Manager	
Sarah Kegemann	Recreation and Fitness Director	

GABELMANN & ASSOCIATES, P.C.

Certified Public Accountants

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Eldridge, Iowa:

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Eldridge, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City of Eldridge, Iowa's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Eldridge, Iowa's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Eldridge, Iowa at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2010 on our consideration of the City of Eldridge, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 10 and 45 through 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board.

We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Eldridge, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the two years ended June 30, 2004 (which are not present herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bettendorf, Iowa
February 11, 2010

Gabelmann & Associates, P.C.

CITY OF ELDRIDGE, IOWA

Management's Discussion and Analysis

June 30, 2009

The City of Eldridge, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the City's financial statements.

2009 Financial Highlights

Revenues of the City's governmental activities increased 2.6%, or approximately \$99,000, from the prior fiscal year. Program expenses of the City's governmental activities increased 6.6%, or approximately \$337,000, over the prior fiscal year.

The City's net assets decreased 2.8%, or approximately \$1,614,000, from June 30, 2008 to June 30, 2009. Of this amount, the net assets of the governmental activities decreased approximately \$1,870,000 and the net assets of the business type activities increased approximately \$256,000.

Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Government-wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of the City of Eldridge, Iowa as a whole and present an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the City's nonmajor governmental and special revenue funds. In addition, the schedule of revenues by source and expenditures by function provides historical detail for the governmental funds over the last four years.

CITY OF ELDRIDGE, IOWA

Management's Discussion and Analysis

Reporting the City's Financial Activities

(1) Government-wide Financial Statements

The statement of net assets and the statement of activities report all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The statement of net assets presents all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The statement of net assets and the statement of activities report two kinds of activities:

- Governmental activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and intergovernmental payments finance most of these activities.
- Business type activities include the water and electric utilities, sanitary sewer system, the community center and the fitness center. These activities are financed primarily by user charges.

(2) Fund Financial Statements

The City has two kinds of funds:

Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year end that are available for spending. Governmental funds include the General Fund, the Special Revenue Funds, such as the Road Use Tax, the Sales Tax Projects, the Hotel Tax and the TIF Funds, the Debt Service Funds, the Capital Improvement Fund and the Street Projects Fund. These funds are reported using the current financial resources measurement focus and modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

CITY OF ELDRIDGE, IOWA

Management's Discussion and Analysis

Reporting the City's Financial Activities, continued

(2) Fund Financial Statements, continued

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Proprietary funds account for the services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the statement of net assets and the statement of activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements. Proprietary funds include the Electric Fund, Water Fund, Sewer Fund, Community Center Fund and Fitness Center Fund, each considered to be a major fund of the City. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

The financial statements required for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets for governmental and business type activities.

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>June 30,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>
Current and other assets	\$ 4,832,734	\$ 5,427,245	\$ 5,750,391	\$ 7,184,236	\$10,583,125	\$12,611,481
Capital assets	<u>13,360,170</u>	<u>15,008,684</u>	<u>44,890,517</u>	<u>44,007,204</u>	<u>58,250,687</u>	<u>59,015,888</u>
Total assets	<u>18,192,904</u>	<u>20,435,929</u>	<u>50,640,908</u>	<u>51,191,440</u>	<u>68,833,812</u>	<u>71,627,369</u>
Long-term liabilities	5,482,891	5,930,182	4,485,255	4,833,152	9,968,146	10,763,334
Other liabilities	<u>1,714,708</u>	<u>1,640,124</u>	<u>423,952</u>	<u>882,808</u>	<u>2,138,660</u>	<u>2,522,932</u>
Total liabilities	<u>7,197,599</u>	<u>7,570,306</u>	<u>4,909,207</u>	<u>5,715,960</u>	<u>12,106,806</u>	<u>13,286,266</u>
Net Assets:						
Invested in capital assets, net of related debt	12,822,146	14,298,102	40,557,240	39,323,225	53,379,386	53,621,327
Restricted	354,977	730,536	526,575	592,715	881,552	1,323,251
Unrestricted	<u>(2,181,818)</u>	<u>(2,163,015)</u>	<u>4,647,886</u>	<u>5,559,540</u>	<u>2,466,068</u>	<u>3,396,525</u>
Total net assets	<u>\$10,995,305</u>	<u>\$12,865,623</u>	<u>\$45,731,701</u>	<u>\$45,475,480</u>	<u>\$56,727,006</u>	<u>\$58,341,103</u>

CITY OF ELDRIDGE, IOWA

Management's Discussion and Analysis

Government-Wide Financial Analysis, continued

Net assets of governmental activities decreased approximately \$1,870,000, or 14.5%. Net assets of business type activities increased approximately \$256,000, or 0.6%. The largest portion of the City's net assets was invested in capital assets less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions. Unrestricted net assets, the part of the net assets that can be used to finance day-to-day operations, was approximately \$2,466,000 at the end of this year.

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>June 30,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>
Revenues:						
Charges for service	\$ 497,761	\$ 486,881	\$ 5,423,550	\$ 5,237,417	\$ 5,921,311	\$ 5,724,298
Operating grants and contributions	18,558	167,734	246	192	18,804	167,926
General revenues:						
Property tax levied for:						
General purpose	1,462,953	1,372,169	-	-	1,462,953	1,372,169
Debt service	55,560	51,912	-	-	55,560	51,912
Tax increment financing	504,799	256,816	-	-	504,799	256,816
Franchise tax	46,491	45,502	-	-	46,491	45,502
Road use tax	398,836	411,829	-	-	398,836	411,829
Local option sales tax	668,753	703,835	-	-	668,753	703,835
Assessments	7,762	7,601	-	-	7,762	7,601
Interest on investments	27,436	107,241	86,146	256,961	113,582	364,202
Miscellaneous	185,992	164,202	63,582	114,693	249,574	278,895
Total	<u>3,874,901</u>	<u>3,775,722</u>	<u>5,573,524</u>	<u>5,609,263</u>	<u>9,448,425</u>	<u>9,384,985</u>
Program expenses:						
Public safety	780,952	751,233	-	-	780,952	751,233
Public works	3,577,261	3,214,171	-	-	3,577,261	3,214,171
Culture and recreation	342,718	371,875	-	-	342,718	371,875
Community and economic development	140,888	68,468	-	-	140,888	68,468
General government	320,066	549,326	-	-	320,066	549,326
Interest on long-term debt	234,485	170,214	208,844	223,113	443,329	393,327
Electric	-	-	2,963,169	3,564,162	2,963,169	3,564,162
Water	-	-	778,894	691,627	778,894	691,627
Sewer	-	-	1,097,900	961,013	1,097,900	961,013
Community center	-	-	309,289	288,609	309,289	288,609
Fitness center	-	-	230,275	183,518	230,275	183,518
Loss on disposition of assets	66,298	-	11,483	-	77,781	-
Total	<u>5,462,668</u>	<u>5,125,287</u>	<u>5,599,854</u>	<u>5,912,042</u>	<u>11,062,522</u>	<u>11,037,329</u>
Change in net assets before transfers	(1,587,767)	(1,349,565)	(26,330)	(302,779)	(1,614,097)	(1,652,344)
Transfers	(184,507)	(543,200)	184,507	543,200	-	-
Capital transfers to business type activities	(98,044)	(5,270,000)	98,044	5,270,000	-	-
Net assets, beginning of year	<u>12,865,623</u>	<u>20,028,388</u>	<u>45,475,480</u>	<u>39,965,059</u>	<u>58,341,103</u>	<u>59,993,447</u>
Net assets, end of year	<u>\$10,995,305</u>	<u>\$12,865,623</u>	<u>\$45,731,701</u>	<u>\$45,475,480</u>	<u>\$56,727,006</u>	<u>\$58,341,103</u>

CITY OF ELDRIDGE, IOWA

Management's Discussion and Analysis

Government-Wide Financial Analysis, continued

Net assets of governmental activities decreased approximately \$1,870,000 during the year. Revenues for governmental activities increased by approximately \$99,000 over the prior year as a result of property taxes increasing approximately \$94,000 from an increase in rates and assessed values and tax increment financing increased approximately \$248,000 due to several projects completed in prior years in the TIF areas going on the tax roles. These increases were offset by a decrease in operating grants by approximately \$149,000 due mainly to a grant received in prior year for the construction of the bike path; local option sales tax decreased approximately \$35,000 due to less local retail spending and interest on investments decreased approximately \$80,000 due to lower interest rates.

The cost of all governmental activities this year was approximately \$5,460,000 compared to approximately \$5,130,000 last year. Public works expenses increased by approximately \$363,000 due to various street projects and equipment purchases. Interest on long term debt increased by approximately \$64,000 due to a full year of interest on the general obligation bonds and capital loan notes issued in the prior year.

Net assets of business type activities increased approximately \$256,000 during the year. Charges for services for the business type activities increased approximately \$186,000 primarily due to electrical services increasing by approximately \$170,000. Interest on investments decreased \$170,000 due to lower rates and available funds to invest down by approximately \$1.3 million due to capital expenditures. Expenses for business type activities decreased approximately \$312,000 primarily in the Electric Fund due to lower costs of sales and services.

Individual Major Fund Analysis

The General Fund showed a decrease in fund balance of \$59,000 at June 30, 2009. Revenues were approximately equal to prior year while expenditures increased \$264,000. Other financing sources increased approximately \$80,000.

The Road Use Tax Fund, which accounts for road construction and maintenance, had a decrease in fund balance of \$376,000 at June 30, 2009 due mainly to capital project expenditures.

The Sales Tax Projects Fund, which accounts for the tax revenues and the capital improvements, purchases of equipment and community programs and services for which they are used, had a decrease in fund balance of \$178,000 at June 30, 2009.

The Electric Fund, which accounts for the operation and maintenance of the City's electric system, had net assets of \$18,345,000 at June 30, 2009 compared to net assets of \$17,651,000 at June 30, 2008.

The Water Fund, which accounts for the operation and maintenance of the City's water system, had net assets of \$7,796,000 at June 30, 2009 compared to net assets of \$8,003,000 at June 30, 2008.

CITY OF ELDRIDGE, IOWA

Management's Discussion and Analysis

Individual Major Fund Analysis, continued

The Sewer Fund, which accounts for the operation and maintenance of the City's sewer system, had net assets of \$17,909,000 at June 30, 2009 compared to net assets of \$18,174,000 at June 30, 2008.

The Community Center Fund, which accounts for the operation of the City's Community Center, had net assets of \$954,000 at June 30, 2009 compared to net assets of \$994,000 at June 30, 2008.

The Fitness Center Fund, which accounts for the operation of the City's Fitness Center, had net assets of \$727,000 at June 30, 2009 compared to net assets of \$654,000 at June 30, 2008.

Budgetary Highlights

The City's receipts were \$151,000 less than budgeted receipts, a variance of 1.6%. The most significant variance resulted from having less charges for service and intergovernmental revenues than originally anticipated. The budget included proprietary investment income and miscellaneous income within charges for service.

The City's disbursements were \$2,053,000 less than budgeted disbursements, a variance of 15.0%. Disbursements for capital projects were \$459,000 less than budgeted due to projects not completed as anticipated. Additionally, disbursements for business type activities were \$1,043,000 less than budgeted due to less than anticipated spending.

Capital Assets and Debt Administration

The City's capital assets include land, infrastructure, buildings, equipment and vehicles as well as construction in progress. Capital assets of governmental activities totaled \$13,360,000, net of accumulated depreciation, at June 30, 2009. Capital assets of business type activities totaled \$44,891,000, net of accumulated depreciation, at June 30, 2009. See notes 3, 10 and 11 to the financial statements for more information about the City's capital assets.

At June 30, 2009, the City had \$5,483,000 in total long-term debt outstanding for governmental activities. The City also had \$4,485,000 in total long-term debt outstanding for business type activities. Additional information about the City's long-term debt is presented in note 4 to the financial statements.

The Future of the City of Eldridge, Iowa

The City of Eldridge, Iowa remains in a strong position to continue operations into the next fiscal year. Taxable values increased by nearly \$15.5 million as of January 1, 2008. This is an increase of 6.9% over the 2007 valuations. Debt service valuations increased by

CITY OF ELDRIDGE, IOWA

Management's Discussion and Analysis

The Future of the City of Eldridge, Iowa continued

\$13.7 million or 5.6% over 2007 levels. These increases will provide sufficient property tax dollars for future operations. The projected tax levy rates per \$1,000 of taxable value for the 2009-2010 fiscal year are:

<u>Tax Levy Purpose</u>	<u>Estimated Levy Rate</u>
Regular General Levy	\$6.29
Tort Liability Levy	0.13
Debt Service Levy	<u>0.23</u>
Total Tax Levy	<u>\$6.65</u>
 Agricultural Land Levy	 <u>\$2.58</u>

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and operating activities. If you have any questions or require additional information please contact either the City Clerk or the City Administrator at City Hall, 305 N Third Street, Eldridge, Iowa, 52748 or by telephone at 563-285-4841.

John R. Dowd
City Administrator

CITY OF ELDRIDGE, IOWA

Statement of Net Assets

June 30, 2009

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and investments	\$ 2,970,903	\$ 3,671,660	\$ 6,642,563
Receivables:			
Property tax:			
Current year	66,433	-	66,433
Succeeding year	1,611,116	-	1,611,116
Other tax	48,990	-	48,990
Customer accounts and unbilled usage	-	556,884	556,884
Other	66,551	-	66,551
Accrued interest	2,610	4,609	7,219
Inventories	32,598	463,611	496,209
Prepaid insurance	33,533	34,837	68,370
Restricted cash and investments	-	1,018,790	1,018,790
Construction in progress	12,541	95,425	107,966
Capital assets, net of accumulated depreciation	<u>13,347,629</u>	<u>44,795,092</u>	<u>58,142,721</u>
Total assets	<u>18,192,904</u>	<u>50,640,908</u>	<u>68,833,812</u>
<u>Liabilities</u>			
Accounts payable	70,230	332,947	403,177
Accrued interest payable	17,434	15,565	32,999
Salaries and benefits payable	14,738	14,257	28,995
Accrued expenses	1,190	61,183	62,373
Deferred revenue:			
Succeeding year property tax	1,611,116	-	1,611,116
Long-term liabilities:			
Portion due or payable within one year:			
Customer deposits	-	51,075	51,075
General obligation bonds and note	440,000	-	440,000
Revenue bonds	-	375,000	375,000
Capital lease	8,024	6,300	14,324
Compensated absences	37,776	52,795	90,571
Portion due or payable after one year:			
General obligation bonds and note	4,935,000	-	4,935,000
Revenue bonds	-	3,945,000	3,945,000
Capital lease	-	6,977	6,977
Compensated absences	<u>62,091</u>	<u>48,108</u>	<u>110,199</u>
Total liabilities	<u>7,197,599</u>	<u>4,909,207</u>	<u>12,106,806</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	12,822,146	40,557,240	53,379,386
Restricted for:			
Road purposes	354,977	-	354,977
Revenue bond retirement	-	526,575	526,575
Unrestricted	<u>(2,181,818)</u>	<u>4,647,886</u>	<u>2,466,068</u>
Total net assets	<u>\$10,995,305</u>	<u>\$45,731,701</u>	<u>\$56,727,006</u>

See accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA

Statement of Activities

Year Ended June 30, 2009

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
Public safety	\$ 780,952	\$ 107,467	\$ 4,729
Public works	3,577,261	230,874	-
Culture and recreation	342,718	70,792	11,625
Community and economic development	140,888	950	-
General government	320,066	87,678	2,204
Interest on long-term debt	<u>234,485</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>5,396,370</u>	<u>497,761</u>	<u>18,558</u>
Business type activities:			
Electric	2,963,169	3,689,098	216
Water	778,894	655,885	-
Sewer	1,097,900	611,099	-
Community center	309,289	240,949	30
Fitness center	230,275	226,519	-
Interest on long-term debt	<u>208,844</u>	<u>-</u>	<u>-</u>
Total business type activities	<u>5,588,371</u>	<u>5,423,550</u>	<u>246</u>
Total	<u>\$ 10,984,741</u>	<u>\$ 5,921,311</u>	<u>\$ 18,804</u>

General revenues:

Property tax levied for:

General purpose

Debt service

Tax increment financing

Franchise tax

Road use tax

Local option sales tax

Assessments

Interest on investments

Transfers

Miscellaneous

Loss on disposition of assets

Total general revenues

Change in net assets before capital transfers

Capital transfers to business type activities

Net assets, beginning of year

Net assets, end of year

See accompanying notes to financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$(668,756)	\$ -	\$(668,756)
(3,346,387)	-	(3,346,387)
(260,301)	-	(260,301)
(139,938)	-	(139,938)
(230,184)	-	(230,184)
(234,485)	-	(234,485)
<u>(4,880,051)</u>	<u>-</u>	<u>(4,880,051)</u>
-	726,145	726,145
-	(123,009)	(123,009)
-	(486,801)	(486,801)
-	(68,310)	(68,310)
-	(3,756)	(3,756)
<u>-</u>	<u>(208,844)</u>	<u>(208,844)</u>
<u>-</u>	<u>(164,575)</u>	<u>(164,575)</u>
<u>(4,880,051)</u>	<u>(164,575)</u>	<u>(5,044,626)</u>
1,462,953	-	1,462,953
55,560	-	55,560
504,799	-	504,799
46,491	-	46,491
398,836	-	398,836
668,753	-	668,753
7,762	-	7,762
27,436	86,146	113,582
(184,507)	184,507	-
185,992	63,582	249,574
<u>(66,298)</u>	<u>(11,483)</u>	<u>(77,781)</u>
<u>3,107,777</u>	<u>322,752</u>	<u>3,430,529</u>
(1,772,274)	158,177	(1,614,097)
(98,044)	98,044	-
<u>12,865,623</u>	<u>45,475,480</u>	<u>58,341,103</u>
\$ <u>10,995,305</u>	\$ <u>45,731,701</u>	\$ <u>56,727,006</u>

CITY OF ELDRIDGE, IOWA

Balance Sheet – Governmental Funds

June 30, 2009

<u>Assets</u>	<u>Special Revenue</u>			<u>Other Nonmajor Governmental Funds</u>	<u>Total All Funds</u>
	<u>General Fund</u>	<u>Road Use Tax Fund</u>	<u>Sales Tax Projects Fund</u>		
Cash and investments	\$1,066,356	\$ 306,462	\$ 647,312	\$ 950,773	\$2,970,903
Receivables:					
Property tax:					
Current year	57,052	-	-	9,381	66,433
Succeeding year	1,573,536	-	-	37,580	1,611,116
Other tax	-	-	48,990	-	48,990
Other	-	60,638	5,913	-	66,551
Accrued interest	2,610	-	-	-	2,610
Inventories	32,598	-	-	-	32,598
Prepaid insurance	33,533	-	-	-	33,533
Due from other funds	-	-	-	14,453	14,453
Total assets	<u>\$2,765,685</u>	<u>\$ 367,100</u>	<u>\$ 702,215</u>	<u>\$1,012,187</u>	<u>\$4,847,187</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 58,107	\$ 12,123	\$ -	\$ -	\$ 70,230
Accrued interest payable	-	-	-	17,434	17,434
Salaries and benefits payable	14,738	-	-	-	14,738
Accrued expenses	1,190	-	-	-	1,190
Due to other funds	5,436	-	-	9,017	14,453
Deferred revenue:					
Succeeding year property tax	1,573,536	-	-	37,580	1,611,116
Compensated absences	37,776	-	-	-	37,776
Total liabilities	<u>1,690,783</u>	<u>12,123</u>	<u>-</u>	<u>64,031</u>	<u>1,766,937</u>
Fund balances:					
Restricted for:					
Road purposes	-	354,977	-	-	354,977
Unrestricted:					
Designated for:					
Equipment replacement	202,238	-	-	-	202,238
Capital projects	-	-	-	445,688	445,688
Other purposes	176,807	-	702,215	468,240	1,347,262
Undesignated	695,857	-	-	34,228	730,085
Total fund balances	<u>1,074,902</u>	<u>354,977</u>	<u>702,215</u>	<u>948,156</u>	<u>3,080,250</u>
Total liabilities and fund balances	<u>\$2,765,685</u>	<u>\$ 367,100</u>	<u>\$ 702,215</u>	<u>\$1,012,187</u>	<u>\$4,847,187</u>

See accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA

Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Assets

June 30, 2009

Total governmental fund balance (page 14)	\$ 3,080,250
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of the assets is \$27,458,350 and the accumulated depreciation is \$14,110,721. The cost of assets under construction is \$12,541.	13,360,170
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Long-term liabilities, including bonds payable, capital leases and compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(5,445,115)
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Net assets of governmental activities (page 11)	<u>\$10,995,305</u>
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See accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA

Statement of Revenues, Expenditures
and Changes in Fund Balances –
Governmental Funds

Year Ended June 30, 2009

	Special Revenue				
	General Fund	Road Use Tax Fund	Sales Tax Projects Fund	Other Nonmajor Governmental Funds	Total All Funds
Property tax	\$1,462,953	\$ -	\$ -	\$ 55,560	\$1,518,513
Tax increment financing	-	-	-	504,799	504,799
Other taxes	46,491	-	630,488	46,027	723,006
Licenses and permits	114,074	-	-	-	114,074
Rent	43,130	-	-	5,000	48,130
Intergovernmental	4,730	398,836	-	-	403,566
Charges for service	383,686	-	-	-	383,686
Interest on investments	27,436	-	-	-	27,436
Miscellaneous	77,122	60,638	2,204	11,726	151,690
Total revenues	<u>2,159,622</u>	<u>459,474</u>	<u>632,692</u>	<u>623,112</u>	<u>3,874,900</u>
Expenditures:					
Operating:					
Public safety	748,645	-	-	30,000	778,645
Public works	680,932	168,197	-	-	849,129
Culture and recreation	333,884	-	-	3,521	337,405
Community and economic development	55,604	-	-	84,531	140,135
General government	270,778	-	8,309	-	279,087
Debt service	-	-	-	653,524	653,524
Capital projects	215,352	641,836	135,571	214,103	1,206,862
Total expenditures	<u>2,305,195</u>	<u>810,033</u>	<u>143,880</u>	<u>985,679</u>	<u>4,244,787</u>
Excess (deficiency) of revenues over (under) expenditures	(145,573)	(350,559)	488,812	(362,567)	(369,887)
Other financing sources (uses):					
Operating transfers in	282,315	-	-	496,000	778,315
Operating transfers out	(195,515)	(25,000)	(646,000)	(200,000)	(1,066,515)
Non-operating transfers in	-	-	-	103,693	103,693
Capital transfer to proprietary funds	-	-	(21,044)	(77,000)	(98,044)
Total other financing sources (uses)	<u>86,800</u>	<u>(25,000)</u>	<u>(667,044)</u>	<u>322,693</u>	<u>(282,551)</u>
Net change in fund balances	(58,773)	(375,559)	(178,232)	(39,874)	(652,438)
Fund balances, beginning of year	<u>1,133,675</u>	<u>730,536</u>	<u>880,447</u>	<u>988,030</u>	<u>3,732,688</u>
Fund balances, end of year	<u>\$1,074,902</u>	<u>\$ 354,977</u>	<u>\$ 702,215</u>	<u>\$ 948,156</u>	<u>\$3,080,250</u>

See accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances –
Governmental Funds to the Statement of Activities

Year Ended June 30, 2009

Net change in fund balances – total governmental funds (page 16) \$(652,438)

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate
those expenditures over the life of the assets. Depreciation
expense exceeded capital outlay expenditures in the current
year as follows:

Depreciation expense	(2,057,345)
Expenditures for capital assets	475,131
Loss on disposition cost of capital assets	(66,298)
Expenditures for capital assets transferred to proprietary funds	<u>98,042</u>
	<u>(1,550,470)</u>

Repayment of long-term liabilities is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets. Current year
repayments, as follows:

Bond principal	420,000
Capital lease	7,558
Compensated absences	<u>3,076</u>
	<u>430,634</u>

Change in net assets of governmental activities before capital
transfers (page 13) \$(1,772,274)

See accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA

Statement of Net Assets –
Proprietary Funds

June 30, 2009

<u>Assets</u>	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Cash and investments	\$ 2,777,499	\$ 72,573	\$ 701,653
Receivables:			
Customer accounts and unbilled usage	385,117	90,788	80,979
Accrued interest	100	6	3,602
Due from other funds	134,890	(134,890)	-
Inventories	416,173	26,606	8,896
Prepaid insurance	11,250	5,820	11,250
Restricted assets:			
Cash and investments	585,145	156,005	277,640
Construction in progress	95,425	-	-
Capital assets (net of accumulated depreciation)	<u>17,404,843</u>	<u>8,478,961</u>	<u>17,343,410</u>
Total assets	<u>21,810,442</u>	<u>8,695,869</u>	<u>18,427,430</u>
<u>Liabilities</u>			
Accounts payable	133,330	44,558	149,815
Salaries and benefits payable	2,792	1,332	2,316
Accrued expenses	61,183	-	-
Payable from restricted assets:			
Customer deposits	35,070	16,005	-
Revenue bonds and notes	200,000	90,000	85,000
Accrued interest payable	11,443	2,970	1,152
Capital lease	-	-	-
Compensated absences	52,795	-	-
Long-term liabilities:			
Revenue bonds and notes	2,920,000	745,000	280,000
Capital lease	-	-	-
Compensated absences	<u>48,108</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,464,721</u>	<u>899,865</u>	<u>518,283</u>
<u>Net assets</u>			
Invested in capital assets, net of related debt	14,380,268	7,643,961	16,978,410
Restricted for revenue bond retirement	350,075	50,000	126,500
Unrestricted:			
Designated for:			
Equipment replacement	293,339	48,360	70,998
Capital projects	104,715	-	(122,715)
Undesignated	<u>3,217,324</u>	<u>53,683</u>	<u>855,954</u>
Total net assets	<u>\$18,345,721</u>	<u>\$ 7,796,004</u>	<u>\$17,909,147</u>

See accompanying notes to financial statements.

Community Center Fund	Fitness Center Fund	Total All Funds
\$ 53,795	\$ 66,140	\$ 3,671,660
-	-	556,884
901	-	4,609
-	-	-
8,015	3,921	463,611
3,836	2,681	34,837
-	-	1,018,790
-	-	95,425
<u>891,066</u>	<u>676,812</u>	<u>44,795,092</u>
<u>957,613</u>	<u>749,554</u>	<u>50,640,908</u>
68	5,176	332,947
3,913	3,904	14,257
-	-	61,183
-	-	51,075
-	-	375,000
-	-	15,565
-	6,300	6,300
-	-	52,795
-	-	3,945,000
-	6,977	6,977
-	-	<u>48,108</u>
<u>3,981</u>	<u>22,357</u>	<u>4,909,207</u>
891,066	663,535	40,557,240
-	-	526,575
-	-	412,697
-	-	(18,000)
<u>62,566</u>	<u>63,662</u>	<u>4,253,189</u>
<u>\$ 953,632</u>	<u>\$ 727,197</u>	<u>\$45,731,701</u>

CITY OF ELDRIDGE, IOWA

Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds

Year Ended June 30, 2009

	Electric Fund	Water Fund	Sewer Fund
Operating revenues:			
Charges for service	\$ 3,689,098	\$ 655,885	\$ 611,099
Miscellaneous	<u>21,313</u>	<u>35,081</u>	<u>5,133</u>
Total operating revenues	<u>3,710,411</u>	<u>690,966</u>	<u>616,232</u>
Operating expenses:			
Business type activities:			
Cost of sales and services	2,479,773	520,690	459,714
Depreciation	<u>483,396</u>	<u>258,204</u>	<u>638,186</u>
Total operating expenses	<u>2,963,169</u>	<u>778,894</u>	<u>1,097,900</u>
Operating income (loss)	<u>747,242</u>	<u>(87,928)</u>	<u>(481,668)</u>
Non-operating revenues (expenses):			
Loss on disposition of assets	(9,333)	-	(2,150)
Interest on investments	23,922	6,574	50,941
Interest expense	<u>(145,631)</u>	<u>(46,617)</u>	<u>(16,171)</u>
Total non-operating revenues (expenses)	<u>(131,042)</u>	<u>(40,043)</u>	<u>32,620</u>
Other financing sources (uses):			
Operating transfers in	385,268	38,450	396,150
Operating transfers out	(306,630)	(117,088)	(107,950)
Non-operating transfers out	-	-	(103,693)
Total other financing sources (uses)	<u>78,638</u>	<u>(78,638)</u>	<u>184,507</u>
Change in net assets	694,838	(206,609)	(264,541)
Capital transfer from governmental funds	-	-	-
Net assets, beginning of year	<u>17,650,883</u>	<u>8,002,613</u>	<u>18,173,688</u>
Net assets, end of year	<u>\$18,345,721</u>	<u>\$ 7,796,004</u>	<u>\$17,909,147</u>

See accompanying notes to financial statements.

Community Center <u>Fund</u>	Fitness Center <u>Fund</u>	Total All <u>Funds</u>
\$ 240,949	\$ 226,519	\$ 5,423,550
<u>1,819</u>	<u>482</u>	<u>63,828</u>
<u>242,768</u>	<u>227,001</u>	<u>5,487,378</u>
280,777	211,475	3,952,429
<u>28,512</u>	<u>18,800</u>	<u>1,427,098</u>
<u>309,289</u>	<u>230,275</u>	<u>5,379,527</u>
(66,521)	(3,274)	<u>107,851</u>
-	-	(11,483)
4,709	-	86,146
<u>-</u>	<u>(425)</u>	<u>(208,844)</u>
<u>4,709</u>	<u>(425)</u>	<u>(134,181)</u>
-	-	819,868
-	-	(531,668)
<u>-</u>	<u>-</u>	<u>(103,693)</u>
<u>-</u>	<u>-</u>	<u>184,507</u>
(61,812)	(3,699)	158,177
21,044	77,000	98,044
<u>994,400</u>	<u>653,896</u>	<u>45,475,480</u>
\$ <u>953,632</u>	\$ <u>727,197</u>	\$ <u>45,731,701</u>

CITY OF ELDRIDGE, IOWA

Statement of Cash Flows -
Proprietary Funds

Year Ended June 30, 2009

	Electric Fund	Water Fund	Sewer Fund
Cash flows from operating activities:			
Cash received from customers and users	\$3,673,275	\$ 647,553	\$ 607,581
Cash received from other revenues	21,313	35,081	5,133
Cash paid for personal services	(279,695)	(150,725)	(241,012)
Cash paid to suppliers	(2,241,992)	(419,754)	(223,195)
Net cash provided (used) by operating activities	<u>1,172,901</u>	<u>112,155</u>	<u>148,507</u>
Cash flows from noncapital financing activities:			
Advances from other funds, net of advance repayments	<u>78,638</u>	(<u>78,638</u>)	<u>288,200</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(94,823)	-	(2,460,208)
Principal paid on revenue bonds and capital lease	(190,000)	(85,000)	(80,000)
Amounts paid (to) from other funds	96,760	(67,444)	-
Interest paid on revenue bonds and capital lease	(134,188)	(38,786)	(16,385)
Other interest	<u>-</u>	(<u>8,093</u>)	<u>-</u>
Net cash (used) provided by capital and related financing activities	(<u>322,251</u>)	(<u>199,323</u>)	(<u>2,556,593</u>)
Cash flows provided by investing activities:			
Interest on investments	<u>24,234</u>	<u>6,591</u>	<u>96,049</u>
Net (decrease) increase in cash and investments	953,522	(159,215)	(2,023,837)
Cash and investments, beginning of year	<u>2,409,122</u>	<u>387,793</u>	<u>3,003,130</u>
Cash and investments, end of year	<u>\$3,362,644</u>	<u>\$ 228,578</u>	<u>\$ 979,293</u>

See accompanying notes to financial statements.

Community Center <u>Fund</u>	Fitness Center <u>Fund</u>	Total All <u>Funds</u>
\$ 240,949	\$ 226,519	\$5,395,877
1,819	482	63,828
(143,015)	(134,085)	(948,532)
(<u>148,553</u>)	(<u>82,707</u>)	(<u>3,116,201</u>)
(<u>48,800</u>)	<u>10,209</u>	<u>1,394,972</u>
<u>-</u>	<u>-</u>	<u>288,200</u>
(10,000)	(20,850)	(2,585,881)
-	(3,709)	(358,709)
-	-	29,316
-	(425)	(189,784)
<u>-</u>	<u>-</u>	(<u>8,093</u>)
(<u>10,000</u>)	(<u>24,984</u>)	(<u>3,113,151</u>)
<u>7,769</u>	<u>-</u>	<u>134,643</u>
(51,031)	(14,775)	(1,295,336)
<u>104,826</u>	<u>80,915</u>	<u>5,985,786</u>
\$ <u>53,795</u>	\$ <u>66,140</u>	\$ <u>4,690,450</u>

CITY OF ELDRIDGE, IOWA

Statement of Cash Flows –
Proprietary Funds, continued

Year Ended June 30, 2009

	Electric <u>Fund</u>	Water <u>Fund</u>	Sewer <u>Fund</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 747,242	\$(87,928)	\$(481,668)
Adjustments to reconcile operating income (loss) to net cash provided used by operating activities:			
Depreciation expense	483,396	258,204	638,186
Increase in customer accounts and unbilled usage receivable	(13,013)	(7,152)	(3,518)
Decrease (increase) in inventories	(20,245)	3,847	-
(Increase) decrease in prepaid insurance	2,720	401	(2,567)
Decrease in other assets	12	-	-
Decrease in accounts payable	(32,659)	(54,282)	(3,139)
Increase (decrease) in accrued wages	(8,651)	245	1,213
Increase in accrued expenses	10,102	-	-
Decrease in customer deposits	(2,810)	(1,180)	-
Increase in compensated absences	<u>6,807</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	\$ <u>1,172,901</u>	\$ <u>112,155</u>	\$ <u>148,507</u>
Reconciliation of cash and investments at year end to specific assets included on the statement of net assets:			
Current assets:			
Cash and investments	\$ 2,777,499	\$ 72,573	\$ 701,653
Restricted assets:			
Cash and investments:			
Revenue bond retirement	550,075	140,000	277,640
Customer deposits	<u>35,070</u>	<u>16,005</u>	<u>-</u>
Cash and investments, end of year	\$ <u>3,362,644</u>	\$ <u>228,578</u>	\$ <u>979,293</u>

See accompanying notes to financial statements.

Community Center <u>Fund</u>	Fitness Center <u>Fund</u>	Total All <u>Funds</u>
\$(66,521)	\$(3,274)	\$ 107,851
28,512	18,800	1,427,098
-	-	(23,683)
(831)	(2,303)	(19,532)
781	(1,129)	206
-	-	12
(11,301)	(2,573)	(103,954)
560	688	(5,945)
-	-	10,102
-	-	(3,990)
<u>-</u>	<u>-</u>	<u>6,807</u>
\$(<u>48,800</u>)	\$ <u>10,209</u>	\$ <u>1,394,972</u>
\$ 53,795	\$ 66,140	\$ 3,671,660
-	-	967,715
<u>-</u>	<u>-</u>	<u>51,075</u>
\$ <u>53,795</u>	\$ <u>66,140</u>	\$ <u>4,690,450</u>

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

June 30, 2009

(1) Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

The City of Eldridge, Iowa (the City) is a political subdivision of the State of Iowa located in Scott County and operates under the Home Rule provisions of the Constitution of Iowa. The City also operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, recreation, community and economic development and general governmental services. The City also provides electric, water, sewer and sanitation utilities.

(a) Reporting Entity

For financial reporting purposes, the City of Eldridge, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. Under these criteria, it has been determined that the City has no component units for which it is financially accountable.

(b) Basis of Presentation

Government-wide Financial Statements

The statement of net assets and the statement of activities report information on all the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The statement of net assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

(b) Basis of Presentation, continued

Government-wide Financial Statements, continued

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and; 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the General Fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid through other funds.

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

(b) Basis of Presentation, continued

Fund Financial Statements, continued

Special Revenue Funds

The Road Use Tax Fund is used to account for road construction and maintenance.

The Sales Tax Projects Fund is used to account for the revenues from the tax authorized by referendum and used for capital improvements, equipment and community programs and services.

The City reports the following major proprietary funds:

Electric Fund

The Electric Fund is used to account for the operation and maintenance of the City's electric system.

Water Fund

The Water Fund is used to account for the operation and maintenance of the City's water system.

Sewer Fund

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

Community Center Fund

The Community Center Fund is used to account for the operation of the City's Community Center.

Fitness Center Fund

The Fitness Center Fund is used to account for the operation of the City's fitness center.

(c) Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

(c) Measurement Focus and Basis of Accounting, continued

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been satisfied. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal on long-term debt and claims and judgments are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

The proprietary funds of the City apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues expenses.

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

(c) Measurement Focus and Basis of Accounting, continued

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

(d) Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Investments

For purposes of financial reporting and the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments with an original maturity of greater than three months that can be redeemed anytime before maturity are also considered to be cash equivalents. Investments consist of certificates of deposit and are carried at cost, which approximates market.

Taxes Receivable, Including Tax Increment Financing

Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2009 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1.5% per month penalty for delinquent payments, are based on January 1, 2007 assessed property valuations, are for the tax accrual period July 1, 2008 through June 30, 2009 and reflect tax asking contained in the budget certified to the County Board of Supervisors in March 2008.

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

(d) Assets, Liabilities and Fund Equity, continued

Customer Accounts and Unbilled Usage

Customer accounts receivable are recorded in proprietary funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due From and Due To Other Funds

During the course of its operations, the City has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market (net realizable value). Inventories in the proprietary funds consist of materials and supplies. Inventories are recorded as expenses when consumed rather than when purchased.

Restricted Assets

Restricted assets in governmental funds include funds set aside for road purposes. Funds set aside in proprietary funds for payment of revenue bonds are classified as restricted assets since their use is restricted by applicable bond covenants. Other restricted assets in proprietary funds include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs not adding to the value of the asset or materially extending assets lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

(d) Assets, Liabilities and Fund Equity, continued

Capital Assets, continued

<u>Asset Class</u>	<u>Amount</u>
Land, buildings and improvements	\$25,000
Equipment and vehicles	5,000
Infrastructure	50,000

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40-50 years
Improvements other than buildings	10-25 years
Vehicles	6-10 years
Equipment	4-15 years
Infrastructure	12-40 years

Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the statement of net assets consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick leave, personal leave and comp time benefits. Vacation benefits must be used during employment. Sick leave benefits may be used during employment or accumulated up to the maximum hours limit established by the

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

(d) Assets, Liabilities and Fund Equity, continued

Compensated Absences, continued

City for payment upon retirement or disability. Personal leave benefits may be used during employment or accumulated up to the maximum hours limit established by the City for payment upon leaving the City's employment unless terminated for cause. Comp time benefits may be used during employment or accumulated up to the maximum hour limit established by the City for payment upon leaving the City's employment.

A liability is recorded when incurred in the government-wide and proprietary fund financial statements. The governmental funds financial statements report a liability for accrued vacation, accrued personal leave and accrued comp time only. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the general fund.

Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the statement of net assets and the proprietary fund statement of net assets.

Fund Equity

In the governmental fund financial statements, restrictions of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(e) Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information.

(2) Cash and Investments

(a) Deposit Accounts

The City's cash and investments at June 30, 2009 consist of the following:

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(2) Cash and Investments, continued

(a) Deposit Accounts, continued

Petty cash fund on hand	\$ 830
Checking accounts	1,821,504
Money market accounts	3,777,471
Certificates of deposit	<u>2,061,548</u>
	<u>\$7,661,353</u>

At June 30, 2009, the carrying amount of the City's deposits was \$5,598,975 and the related bank balance was \$5,678,347.

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

(b) Investments

The City's investments at June 30, 2009 are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of deposit	\$2,061,548	\$2,061,548

The City is authorized by state statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

CITY OF ELDRIDGE, IOWA
Notes to Financial Statements

(3) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 4,867	\$ 161,273	\$(153,599)	\$ 12,541
Land	<u>1,220,500</u>	<u>35,000</u>	<u>-</u>	<u>1,255,500</u>
Total capital assets not being depreciated	<u>1,225,367</u>	<u>196,273</u>	<u>(153,599)</u>	<u>1,268,041</u>
Capital assets being depreciated:				
Buildings	1,478,800	63,504	-	1,542,304
Equipment and vehicles	891,313	224,582	(140,935)	974,960
Infrastructure, road network	<u>23,531,987</u>	<u>153,599</u>	<u>-</u>	<u>23,685,586</u>
Total capital assets being depreciated	25,902,100	441,685	(140,935)	26,202,850
Less accumulated depreciation	<u>12,118,783</u>	<u>2,057,345</u>	<u>(65,407)</u>	<u>14,110,721</u>
Total capital assets being depreciated, net	<u>13,783,317</u>	<u>(1,615,660)</u>	<u>(75,528)</u>	<u>12,092,129</u>
Governmental activities capital assets, net	\$ <u>15,008,684</u>	\$ <u>(1,419,387)</u>	\$ <u>(229,127)</u>	\$ <u>13,360,170</u>
Business type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 4,236,105	\$ 1,925,921	\$(6,066,601)	\$ 95,425
Land	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
Total capital assets not being depreciated	<u>4,356,105</u>	<u>1,925,921</u>	<u>(6,066,601)</u>	<u>215,425</u>
Capital assets being depreciated:				
Buildings	29,387,604	5,281,668	-	34,669,272
Equipment and vehicles	1,080,516	220,950	(138,077)	1,163,389
Infrastructure, water and sewer network	<u>16,515,410</u>	<u>977,896</u>	<u>-</u>	<u>17,493,306</u>
Total capital assets being depreciated	46,983,530	6,480,514	(138,077)	53,325,967
Less accumulated depreciation	<u>7,332,431</u>	<u>1,427,098</u>	<u>(108,654)</u>	<u>8,650,875</u>
Total capital assets being depreciated, net	<u>39,651,099</u>	<u>5,053,416</u>	<u>(29,423)</u>	<u>44,675,092</u>
Business type activities capital assets, net	\$ <u>44,007,204</u>	\$ <u>6,979,337</u>	\$ <u>(6,096,024)</u>	\$ <u>44,890,517</u>

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(3) Capital Assets, continued

Depreciation expense for the year ended June 30, 2009 was charged to functions of the City as follows:

Governmental activities:

Public safety	\$ 9,013
Public works	1,994,388
General government	40,762
Culture and recreation	13,182
Total governmental activities	<u>\$2,057,345</u>

Business type activities:

Electric	\$ 483,396
Water	258,204
Sewer	638,186
Community center	28,512
Fitness center	18,800
Total business type activities	<u>\$1,427,098</u>

(4) Long-term Liabilities

A summary of transactions that occurred regarding bond obligations for the year ended June 30, 2009 is as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds/notes	<u>\$5,795,000</u>	<u>\$ -</u>	<u>\$ 420,000</u>	<u>\$5,375,000</u>	<u>\$ 440,000</u>
Business type activities:					
Revenue bonds	<u>\$4,675,000</u>	<u>\$ -</u>	<u>\$ 355,000</u>	<u>\$4,320,000</u>	<u>\$ 375,000</u>

General Obligation Bonds

Three issues of unmatured general obligation bonds, totaling \$5,135,000 were outstanding at June 30, 2009. These bonds bear interest at rates ranging from 3.70% to 4.40% and mature in varying annual amounts from \$70,000 to \$520,000, with the final maturities due in the year ending June 30, 2027.

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(4) Long-term Liabilities, continued

General Obligation Bonds, continued

Details of the general obligation bonds payable at June 30, 2009 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding June 30, 2009</u>
GO Refunding Bonds, Series 2001	November 15, 2001	4.00- 4.40%	June 1, 2013	\$ 95,000- 100,000	\$1,010,000	\$ 390,000
GO Refunding Urban Renewal Bonds, Series 2001A	November 15, 2001	3.70- 3.90%	June 1, 2011	\$ 70,000	\$ 735,000	140,000
GO Bonds, Series 2007	November 15, 2007	4.00- 4.25%	June 1, 2027	\$ 105,000- 520,000	\$4,685,000	<u>4,605,000</u> <u>\$5,135,000</u>

A summary of the annual general obligation bond principal and interest requirements to maturity by year is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 275,000	\$ 209,211	\$ 484,211
2011	275,000	198,251	473,251
2012	235,000	187,121	422,121
2013	335,000	177,436	512,436
2014	380,000	163,656	543,656
2015-2019	1,585,000	579,280	2,164,280
2020-2024	1,205,000	332,368	1,537,368
2025-2027	<u>845,000</u>	<u>72,041</u>	<u>917,041</u>
	<u>\$5,135,000</u>	<u>\$1,919,364</u>	<u>\$7,054,364</u>

General Obligation Capital Loan Notes

Details of the general obligation capital loan notes payable June 30, 2009 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding June 30, 2009</u>
Go Capital Loan Notes, Series 2007	September 4, 2007	3.90%	December 1, 2010	\$75,000- 90,000	\$500,000	<u>\$240,000</u>

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(4) Long-term Liabilities, continued

General Obligation Capital Loan Notes, continued

A summary of the annual general obligation capital loan notes principal and interest requirement to maturity by year is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$165,000	\$ 7,605	\$172,605
2011	<u>75,000</u>	<u>1,463</u>	<u>76,463</u>
	<u>\$240,000</u>	<u>\$ 9,068</u>	<u>\$249,068</u>

Revenue Bonds

Three issues of unmatured revenue bonds, totaling \$4,320,000 were outstanding at June 30, 2009. These bonds bear interest at rates ranging from 3.20% to 4.60% and mature in varying annual amounts from \$85,000 to \$335,000, with the final maturities due in the year ending June 30, 2021.

The resolutions providing for the issuance of the revenue bonds include the following provisions:

- a) The bonds will only be redeemed from the future earnings of the water, sewer and electric enterprise activity and the bond holders have a lien on the future earnings of the funds.
- b) Sufficient water, sewer and electric rates will be imposed to maintain a net revenue balance equal to at least 125% of the annual payments of principal and interest coming due in the same year.
- c) Monthly transfers shall be made to water, sewer and electric improvement funds until specific minimum balances have been accumulated. These balances are restricted solely for the purpose of paying principal and interest on the bonds.
- d) A sewer debt reserve fund will be maintained in an amount equal to the lesser of the maximum annual amount of principal and interest coming due on the bonds or 10% of the original principal amount of the bonds.
- e) An electric debt reserve fund will be maintained in an amount equal to the lesser of the maximum annual amount of principal and interest coming due on the bonds in any succeeding fiscal year, 10% of the original principal amount

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(4) Long-term Liabilities, continued

Revenue Bonds, continued

of the bonds or 125% of the average annual principal and interest coming due on the bonds.

During the year ended June 30, 2009, the City was in compliance with the revenue bond provisions.

Details of the revenue bonds payable at June 30, 2009 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding June 30, 2009</u>
Water						
Revenue						
Bonds,	August 20,	3.70-	June 1,	\$ 90,000-		
Series 2002	2002	4.60%	2017	125,000	\$1,380,000	\$ 835,000
Sewer						
Revenue						
Refunding						
Bonds,	May 1,	3.20-	June 1,	85,000-		
Series 2003	2003	4.00%	2013	100,000	765,000	365,000
Electric						
Revenue						
Bonds,	August 29,	4.375-	June 1,	\$200,000-		
Series 2006	2006	4.50%	2021	335,000	\$3,665,000	<u>3,120,000</u>
						<u>\$4,320,000</u>

A summary of the annual obligation bond principal and interest requirements to maturity by year is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 375,000	\$ 186,784	\$ 561,784
2011	385,000	171,594	556,594
2012	405,000	155,680	560,680
2013	425,000	138,674	563,674
2014	345,000	120,630	465,630
2015-2019	1,730,000	367,066	2,097,066
2020-2022	<u>655,000</u>	<u>44,550</u>	<u>699,550</u>
	<u>\$4,320,000</u>	<u>\$1,184,978</u>	<u>\$5,504,978</u>

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(5) Capital Leases Payable

A summary of capital lease obligations at June 30, 2009 is as follows:

Capital lease payable to leasing company, due in annual installments of \$8,519, including interest at 6.00%, through May 2010, secured by equipment	\$ 8,024
Capital lease payable to leasing company, due in monthly installments of \$330, including interest at 5.01%, through November 2010, secured by equipment	5,404
Capital lease payable to leasing company, due in monthly installments of \$239, including interest at 5.01%, through November 2010, secured by equipment	<u>7,873</u>
Total capital lease obligations	21,301
Less current installments	<u>14,324</u>
Capital lease obligations, net of current installments	<u>\$ 6,977</u>

Annual maturities of capital lease obligations for each of the years subsequent to June 30, 2009 are as follows:

Year Ending <u>June 30,</u>	
2010	\$14,324
2011	4,298
2012	<u>2,679</u>
	<u>\$21,301</u>

(6) Interfund Loans/Advances/Transfers

The City had one interfund loan balance during the fiscal year ended June 30, 2009 resulting from the electric fund aiding in the finance of a water tower in a prior year. The electric fund loan is scheduled to mature during the year ending June 30, 2011.

At June 30, 2009, interfund loans were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Water Fund	Electric Fund	<u>\$134,890</u>

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(6) Interfund Loans/Advances/Transfers, continued

The City's cash management procedures occasionally result in short-term advances between funds that are repaid upon City Board approval from future revenues.

At June 30, 2009, interfund advances were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Blackhawk Trail TIF Area Fund	LeClaire Road TIF Fund	\$ 9,017
General Fund	Blackhawk Trail TIF Area Fund	5,436
Electric Projects Fund	Electric Fund	240,516
Utility Insurance Self Funding Fund	Accrued Employee Leave Fund	50
		<u>\$255,019</u>

Such interfund advances are not reported as operating transfers.

Interfund transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

A summary of interfund transfers that occurred during the year ended June 30, 2009 is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	General Equipment Replacement Fund	\$ 73,515
General Fund	Park Board Fund	90,000
General Fund	Insurance Self Funding Fund	32,000
Road Use Tax Fund	Street Projects Fund	25,000
Sales Tax Projects Fund	General Equipment Replacement Fund	75,000
Sales Tax Projects Fund	Debt Service Fund	196,000
Sales Tax Projects Fund	Capital Improvement Fund	5,000
Sales Tax Projects Fund	Street Projects Fund	25,000
Sales Tax Projects Fund	Sewer Projects Fund	345,000
Hotel Tax Fund	Park Board Fund	5,000
Hotel Tax Fund	Capital Improvement Fund	70,000
Blackhawk Trail TIF Area Fund	Debt Service Fund	125,000
Electric Fund	Electric Depreciation Fund	50,000
Electric Fund	Electric Projects Fund	250,000
Electric Fund	Utility Insurance Self Funding Fund	6,630
Water Fund	Water Depreciation Fund	38,450
Water Fund	Electric Fund	75,538
Water Fund	Utility Insurance Self Funding Fund	3,100
Sewer Fund	Debt Service Fund	50,000
Sewer Fund	Sewer Equipment Replacement Fund	51,150
Sewer Fund	Insurance Self Funding Fund	6,800
		<u>\$1,598,183</u>

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(6) Interfund Loans/Advances/Transfers, continued

Capital transfers generally move governmental assets to business-type activities. During the year ended June 30, 2009, the City had two capital transfers of assets as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Sales Tax Projects Fund	Community Center Fund	\$21,044
Capital Improvement Fund	Fitness Center Fund	<u>77,000</u>
		<u>\$98,044</u>

Purpose: Transfer payments for capital assets purchased.

(7) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of annual covered payroll except for police employees, in which case the percentages are 5.63% and 8.45%, respectively. The contribution rates for police employees and the City were 5.64% and 8.47%, respectively, for the year ended June 30, 2008 and 6.00% and 9.12%, respectively for the year ended, June 30, 2007. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$97,329, \$88,144 and \$76,850, respectively, equal to the required contribution for each year.

(8) Compensated Absences

The City's liability for compensated absences at June 30, 2009 is as follows:

<u>Type of Benefit</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Personal	\$ 8,802	\$ 12,903	\$ 21,705
Vacation	25,244	31,123	56,367
Compensatory Time	3,730	4,082	7,812
Sick Leave	<u>62,091</u>	<u>52,795</u>	<u>114,886</u>
	<u>\$ 99,867</u>	<u>\$100,903</u>	<u>\$200,770</u>

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(8) Compensated Absences continued

The City maintains accrued leave reserves to offset the approximate liability for compensated absences. Employees may earn up to 160 hours per year of vacation, depending on years of service. Employees may carry a maximum of 80 hours to the subsequent anniversary year. Any unused vacation accumulated above these limits is forfeited. The City's sick leave policy allows its employees to accumulate up to 720 hours of sick leave which is payable when used or a maximum of 280 hours which is payable upon retirement or disability. No leave is paid when employment is terminated for any other reason. Employees earn 40 hours of personal leave per year and may accumulate up to 80 hours of personal leave. Employees may enter into an agreement with the City to earn compensatory time rather than being paid overtime for additional hours over 40 per week worked. Employees can accumulate up to 40 hours of compensatory time.

(9) Risk Management

The City is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Contract Commitments

The City has entered into an agreement at an estimated cost of \$800,000 for renovation of an electric generating plant. The renovation project is being financed through revenue bonds issued in August 2006 and is recorded as a capital asset and construction in progress on the statement of net assets. As of June 30, 2008, \$669,269 had been paid towards the renovation project with \$591,718 recorded as a capital asset and \$77,551 recorded as construction in progress. The renovation project is scheduled to be completed in December 2010.

The City has entered into a contract in the amount of \$514,631 for the construction of an electrical feeder. The construction project is being financed through charges for services and is recorded as construction in progress on the statement of net assets. As of June 30, 2009, \$17,874 had been paid towards the construction project. The construction project is scheduled to be completed in November 2009.

The City has entered into a contract in the amount of \$145,315 for construction of a turn lane on South First Street. The project is being financed through federal funding and is recorded as construction in progress on the statement of net assets. As of June 30, 2009, \$12,541 had been paid towards the improvements project. The project is scheduled to be completed in November 2009.

CITY OF ELDRIDGE, IOWA

Notes to Financial Statements

(10) Contract Commitments, continued

The City has entered into a contract in the amount of \$615,447 for maintenance of South 8th Street, South 9th Avenue and South 16th Avenue. The project will be financed through intergovernmental taxes. The project is scheduled to be completed in October, 2009.

The City has entered into a contract in the amount of \$474,706 for maintenance of South 14th Avenue and the intersection of South 8th Street and Prairie Vista Drive. The project will be financed through intergovernmental taxes. The project is scheduled to be completed by October 2010.

CITY OF ELDRIDGE, IOWA

Budgetary Comparison Schedule of Receipts, Disbursements and
Changes in Balances – Budget and Actual (Cash Basis) –
Governmental Funds and Proprietary Funds

Required Supplementary Information

Year Ended June 30, 2009

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>	<u>Budget</u>	Budget to Actual <u>Variance</u>
Receipts:					
Property tax	\$ 1,515,469	\$ -	\$ 1,515,469	\$ 1,509,163	\$ 6,306
Tax increment financing	502,296	-	502,296	515,000	(12,704)
Other taxes	724,732	-	724,732	750,402	(25,670)
Licenses and permits	114,074	-	114,074	99,615	14,459
Use of money and property	86,980	134,643	221,623	115,528	106,095
Intergovernmental	403,566	-	403,566	472,730	(69,164)
Charges for service	378,325	5,395,877	5,774,202	5,965,132	(190,930)
Miscellaneous	<u>101,052</u>	<u>63,828</u>	<u>164,880</u>	<u>144,350</u>	<u>20,530</u>
Total receipts	<u>3,826,494</u>	<u>5,594,348</u>	<u>9,420,842</u>	<u>9,571,920</u>	<u>(151,078)</u>
Disbursements:					
Public safety	759,456	-	759,456	841,625	82,169
Public works	910,316	-	910,316	1,011,880	101,564
Culture and recreation	329,059	-	329,059	615,694	286,635
Community and economic development	139,135	-	139,135	146,040	6,905
General government	289,922	-	289,922	364,236	74,314
Debt service	654,322	-	654,322	654,525	203
Capital projects	1,304,906	-	1,304,906	1,764,020	459,114
Business type activities	-	<u>7,207,200</u>	<u>7,207,200</u>	<u>8,249,839</u>	<u>1,042,639</u>
Total disbursements	<u>4,387,116</u>	<u>7,207,200</u>	<u>11,594,316</u>	<u>13,647,859</u>	<u>2,053,543</u>
Excess (deficiency) of receipts over (under) disbursements	(560,622)	(1,612,852)	(2,173,474)	(4,075,939)	1,902,465
Other financing sources and transfers, net	(<u>317,516</u>)	<u>317,516</u>	<u>-</u>	(<u>20,000</u>)	<u>20,000</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing sources (uses)	(878,138)	(1,295,336)	(2,173,474)	(4,095,939)	1,922,465
Balances, beginning of year	<u>3,849,041</u>	<u>5,985,786</u>	<u>9,834,827</u>	<u>8,767,184</u>	<u>1,067,643</u>
Balances, end of year	<u>\$ 2,970,903</u>	<u>\$ 4,690,450</u>	<u>\$ 7,661,353</u>	<u>\$ 4,671,245</u>	<u>\$ 2,990,108</u>

See accompanying independent auditor's report and notes to required supplementary
information – budgetary reporting.

CITY OF ELDRIDGE, IOWA

Budget to GAAP Reconciliation

Required Supplementary Information

Year Ended June 30, 2009

	Governmental Funds			Proprietary Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 3,826,494	\$ 48,406	\$ 3,874,900	\$ 5,594,348	\$ (20,824)	\$ 5,573,524
Expenditures/ expenses	<u>4,387,116</u>	<u>(142,329)</u>	<u>4,244,787</u>	<u>7,207,200</u>	<u>(1,607,346)</u>	<u>5,599,854</u>
Net	(560,622)	190,735	(369,887)	(1,612,852)	1,586,522	(26,330)
Other financing sources and transfers, net	(317,516)	34,965	(282,551)	317,516	(34,965)	282,551
Beginning fund balances/net assets	<u>3,849,041</u>	<u>(116,353)</u>	<u>3,732,688</u>	<u>5,985,786</u>	<u>39,489,694</u>	<u>45,475,480</u>
Ending fund balances/net assets	\$ <u>2,970,903</u>	\$ <u>109,347</u>	\$ <u>3,080,250</u>	\$ <u>4,690,450</u>	\$ <u>41,041,251</u>	\$ <u>45,731,701</u>

See accompanying independent auditor's report and notes to required supplementary information – budgetary reporting.

CITY OF ELDRIDGE, IOWA

Notes to Required Supplementary Information –
Budgetary Reporting

Year Ended June 30, 2009

The budgetary comparison is presented as required supplementary information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized in the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based on nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service funds, capital projects funds, and proprietary funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund or fund type.

CITY OF ELDRIDGE, IOWA
Combining Balance Sheet –
Nonmajor Governmental Funds

June 30, 2009

<u>Assets</u>	<u>Special Revenue</u>		
	<u>Hotel Tax Fund</u>	<u>LeClaire Road Tax Increment Financing Fund</u>	<u>Blackhawk Trail Tax Increment Financing Fund</u>
Cash and investments	\$ 9,877	\$ 319,994	\$ 124,913
Receivable, property tax:			
Current year	-	7,282	1,187
Succeeding year	-	-	-
Due from other funds	<u>-</u>	<u>9,017</u>	<u>5,436</u>
Total assets	<u>\$ 9,877</u>	<u>\$ 336,293</u>	<u>\$ 131,536</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accrued interest payable	\$ -	\$ 449	\$ -
Due to other funds	-	-	9,017
Deferred revenue:			
Succeeding year property tax	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>449</u>	<u>9,017</u>
Fund balances:			
Unrestricted, designated for:			
Capital projects	-	-	-
Other purposes	9,877	335,844	122,519
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>9,877</u>	<u>335,844</u>	<u>122,519</u>
Total liabilities and fund balances	<u>\$ 9,877</u>	<u>\$ 336,293</u>	<u>\$ 131,536</u>

See accompanying independent auditor's report.

Schedule 1

Capital Improvement <u>Fund</u>	Street Projects <u>Fund</u>	Debt Service <u>Fund</u>	Sewer Project Debt Service <u>Fund</u>	<u>Total</u>
\$ 36,631	\$ 409,057	\$ 50,301	\$ -	\$ 950,773
-	-	912	-	9,381
-	-	37,580	-	37,580
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,453</u>
\$ <u>36,631</u>	\$ <u>409,057</u>	\$ <u>88,793</u>	\$ <u>-</u>	\$ <u>1,012,187</u>
\$ -	\$ -	\$ 16,985	\$ -	\$ 17,434
-	-	-	-	9,017
<u>-</u>	<u>-</u>	<u>37,580</u>	<u>-</u>	<u>37,580</u>
<u>-</u>	<u>-</u>	<u>54,565</u>	<u>-</u>	<u>64,031</u>
36,631	409,057	-	-	445,688
-	-	-	-	468,240
<u>-</u>	<u>-</u>	<u>34,228</u>	<u>-</u>	<u>34,228</u>
<u>36,631</u>	<u>409,057</u>	<u>34,228</u>	<u>-</u>	<u>948,156</u>
\$ <u>36,631</u>	\$ <u>409,057</u>	\$ <u>88,793</u>	\$ <u>-</u>	\$ <u>1,012,187</u>

CITY OF ELDRIDGE, IOWA

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances -
Nonmajor Governmental Funds

Year Ended June 30, 2009

	Special Revenue		
	Hotel Tax <u>Fund</u>	LeClaire Road Tax Increment <u>Financing Fund</u>	Blackhawk Trail Tax Increment <u>Financing Fund</u>
Revenues:			
Property tax	\$ -	\$ -	\$ -
Tax increment financing	-	382,320	122,479
Other taxes	38,265	-	-
Rent	-	-	-
Miscellaneous	-	101	-
Total revenues	<u>38,265</u>	<u>382,421</u>	<u>122,479</u>
Expenditures:			
Operating:			
Public safety	30,000	-	-
Public works	-	-	-
Culture and recreation	3,521	-	-
Community and economic development	-	84,531	-
General government	-	-	-
Debt service	-	272,668	-
Capital projects	-	-	-
Total expenditures	<u>33,521</u>	<u>357,199</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,744</u>	<u>25,222</u>	<u>122,479</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(75,000)	-	(125,000)
Non-operating transfers in (out)	-	-	-
Capital transfers to proprietary funds	-	-	-
Total other financing sources (uses)	<u>(75,000)</u>	<u>-</u>	<u>(125,000)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>(70,256)</u>	<u>25,222</u>	<u>(2,521)</u>
Fund balances, beginning of year	<u>80,133</u>	<u>310,622</u>	<u>125,040</u>
Fund balances, end of year	<u>\$ 9,877</u>	<u>\$ 335,844</u>	<u>\$ 122,519</u>

See accompanying independent auditor's report.

Schedule 2

Capital Improvement <u>Fund</u>	Street Projects <u>Fund</u>	Debt Service <u>Fund</u>	Sewer Project Debt Service <u>Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 55,560	\$ -	\$ 55,560
-	-	-	-	504,799
-	7,762	-	-	46,027
5,000	-	-	-	5,000
<u>11,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,726</u>
<u>16,625</u>	<u>7,762</u>	<u>55,560</u>	<u>-</u>	<u>623,112</u>
-	-	-	-	30,000
-	-	-	-	-
-	-	-	-	3,521
-	-	-	-	84,531
-	-	-	-	-
-	-	380,856	-	653,524
<u>127,324</u>	<u>86,779</u>	<u>-</u>	<u>-</u>	<u>214,103</u>
<u>127,324</u>	<u>86,779</u>	<u>380,856</u>	<u>-</u>	<u>985,679</u>
(<u>110,699</u>)	(<u>79,017</u>)	(<u>325,296</u>)	<u>-</u>	(<u>362,567</u>)
75,000	50,000	371,000	-	496,000
-	-	-	-	(200,000)
-	-	(15,871)	119,564	103,693
(<u>77,000</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>77,000</u>)
(<u>2,000</u>)	<u>50,000</u>	<u>355,129</u>	<u>119,564</u>	<u>322,693</u>
(112,699)	(29,017)	29,833	119,564	(39,874)
<u>149,330</u>	<u>438,074</u>	<u>4,395</u>	(<u>119,564</u>)	<u>988,030</u>
\$ <u>36,631</u>	\$ <u>409,057</u>	\$ <u>34,228</u>	\$ <u>-</u>	\$ <u>948,156</u>

CITY OF ELDRIDGE, IOWA

Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds

For the Last Seven Years

	Modified Accrual Basis		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:			
Property tax	\$1,518,513	\$1,424,081	\$1,362,577
Tax increment financing	504,799	256,816	333,971
Other taxes	723,006	756,938	729,709
License and permits	114,074	107,579	160,630
Use of money and property	75,566	148,125	167,674
Intergovernmental	403,566	415,278	407,598
Charges for service	383,686	379,301	334,206
Miscellaneous	<u>151,690</u>	<u>287,603</u>	<u>183,336</u>
Total	<u>\$3,874,900</u>	<u>\$3,775,721</u>	<u>\$3,679,701</u>
Expenditures:			
Operating:			
Public safety	\$ 778,645	\$ 711,247	\$ 706,876
Public works	849,129	1,208,859	1,040,989
Culture and recreation	328,886	356,669	344,664
Community and economic development	140,135	68,820	55,373
General government	279,087	500,616	621,626
Debt service	662,043	432,333	213,336
Capital projects	<u>1,206,862</u>	<u>813,190</u>	<u>262,939</u>
Total	<u>\$4,244,787</u>	<u>\$4,091,734</u>	<u>\$3,245,803</u>

Note: The City of Eldridge, Iowa implemented Governmental Accounting Standards Board (GASB) Statement No. 34 in the year ended June 30, 2003.

See accompanying independent auditor's report.

Schedule 3

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$1,268,026	\$1,182,351	\$1,014,645	\$ 965,052
491,543	561,576	653,347	514,775
716,783	643,067	593,202	551,209
144,336	127,892	127,864	113,920
134,750	77,521	56,934	38,108
409,046	388,016	468,177	715,634
208,551	184,126	154,069	140,810
<u>332,895</u>	<u>84,508</u>	<u>68,239</u>	<u>359,191</u>
<u>\$3,705,930</u>	<u>\$3,249,057</u>	<u>\$3,136,477</u>	<u>\$3,398,699</u>
\$ 682,575	\$ 698,881	\$ 589,775	\$ 607,054
520,029	597,320	574,077	559,056
232,845	213,124	196,599	177,953
47,912	36,156	54,946	72,054
673,350	591,459	700,392	619,053
223,840	220,535	220,633	225,280
<u>219,226</u>	<u>244,551</u>	<u>539,307</u>	<u>783,880</u>
<u>\$2,599,777</u>	<u>\$2,602,026</u>	<u>\$2,875,729</u>	<u>\$3,044,330</u>

GABELMANN & ASSOCIATES, P.C.

Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and
Members of the City Council
City of Eldridge, Iowa:

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Eldridge, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City of Eldridge, Iowa's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 11, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Eldridge, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of City of Eldridge, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Eldridge, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eldridge, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City of Eldridge, Iowa's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Eldridge, Iowa's responses to the findings identified in our audit are described in the accompanying schedule of findings. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Eldridge, Iowa and other parties to whom the City of Eldridge, Iowa may report. This report is not intended to be and should not be used by anyone other than these specified parties and others authorized by management.

Bettendorf, Iowa
February 11, 2010

Gabelmann & Associates, P.C.

CITY OF ELDRIDGE, IOWA

Schedule of Findings

Year Ended June 30, 2009

Part I: Summary of Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) The audit did not disclose any material weaknesses in internal control over financial reporting.
- (c) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (d) The audit did not disclose any noncompliance which is material to the financial statements.
- (e) The City of Eldridge, Iowa was not required to have an audit in accordance with Office of Management and Budget Circular A-133.

Part II: Findings Related to the Financial Statements

Significant Deficiencies

09-II-A Segregation of Duties

Finding: The City of Eldridge, Iowa has one employee who is responsible for posting, updating and maintaining the general ledger and is also responsible for maintaining the subsidiary ledgers for cash accounts and investments. From a control standpoint, this combination of responsibilities does not effectively segregate duties to prevent losses from employee error or dishonesty. However, from a practical standpoint, strong segregation of duties is not feasible due to the limited number and capabilities of office personnel.

Recommendation: The City has a limited number of office personnel with which to attempt to implement controls to ensure that the financial data reported by management is processed in a timely and complete manner. The increased financial activity that the City is experiencing may require additional diversification of the City Clerk's responsibilities.

Response and Corrective Action Planned: True segregation of duties is not possible with available personnel. However, duties are occasionally shifted among personnel to provide cross-training.

Conclusion: Response accepted.

CITY OF ELDRIDGE, IOWA

Schedule of Findings

Year Ended June 30, 2009

Part III: Other Findings Related to Required Statutory Reporting

09-III-A Certified Budget

Finding: Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted in accordance with Chapter 384.20 of the Code of Iowa which states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

09-III-B Questionable Expenditures

Finding: No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

09-III-C Travel Expense

Finding: No expenditures of City money for travel expenses of spouses of city officials or employees were noted.

09-III-D Business Transactions

Finding: No business transactions between the City and City officials or employees were noted.

09-III-E Bond Coverage

Finding: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

09-III-F Council Minutes

Finding: No transactions were found that we believe should have been approved in the Council or Utility Boards minutes but were not.

09-III-G Deposits and Investments

Finding: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

09-III-H Revenue Bonds

Finding: The City has established the sinking reserve fund as required by revenue bond provisions.

CITY OF ELDRIDGE, IOWA

Schedule of Findings

Year Ended June 30, 2009

Part IV: Summary of Prior Findings

08-II-A Segregation of Duties

Comment still valid. Refer to current year finding 09-II-A.

08-II-B Reconciliation of General Ledger Accounts

Correction action taken. Comment no longer valid.